

DOCKET SECTION
BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

**RESPONSE OF UNITED STATES POSTAL SERVICE TO OCA MOTION
FOR OFFICIAL NOTICE
(March 17, 1998)**

The United States Postal Service hereby replies to the motion of the Office of the Consumer Advocate to have the Presiding Officer take official notice of the Postal Service's Financial and Operating Statements for Accounting Period 1 of FY 1996 through AP 5 of FY 1998, and of the 1997 Annual Report of the Postmaster General. The Postal Service does not dispute that these documents are generally of the type of which the Commission may take official notice. For reasons which we explain below, however, the Postal Service does not agree that these documents may necessarily "be relied upon [by the Commission] in reaching a recommended decision...." OCA Motion at 1. The Postal Service therefore believes that, if these documents are to be admitted into evidence, they must be given the appropriate weight based on their status.

Generally in these proceedings, facts are presented, explained, and evaluated in the context of expert opinions. The information from these documents upon which the OCA wishes to rely is not presented in such a context, except insofar as some of it is incorporated in Postal Service testimony. In addition, each document is only entitled to the weight, and is appropriate only for the uses, which its status and nature would warrant and support. For instance, the amounts reported in the Financial and Operating Statements reflect only partial-year results potentially influenced by timing differences which could lead to invalid conclusions about the remainder of the year.

Also, accounting period results have not been audited and are subject to revision due to year-end audit adjustments and reallocation of prior-period adjustments. This applies particularly to interim FY 1998 data, which present only a partial picture of the test year's finances at a particular point in time. Simple extrapolations of the type the OCA wishes to employ are not appropriate uses of these figures. Accordingly, if these figures are admitted into evidence, it must be understood that they are only what they are: unaudited, interim results subject to change, and not necessarily indicative of the year as a whole or predictive of year-end results. The Commission should accord them the weight due such evidence and not the weight which the OCA apparently wishes to give them.

As discussed in the rebuttal testimony of Mr. Porras (USPS-RT-12), moreover, there are numerous difficulties and dangers inherent in the use of updated information in these proceedings, especially when such information has not been subject to adversarial testing. In this regard, the Postal Service is especially concerned that the OCA has waited until this point in the proceeding to seek evidentiary status for AP reports that predate the filing of this case by well more than a year, as well as those that became available during the earlier stages of this case. In this case, the most reliable evidence of the Postal Service's revenue needs in the

context of its proposals for rates and fees is embodied in the Postal Service's testimony.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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Scott L. Reiter

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Scott L. Reiter

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